

Message Text

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41

ACTION EUR-12

INFO OCT-01 ISO-00 TRSE-00 SAM-01 OPIC-03 AID-05 OMB-01

H-02 IO-11 SS-15 NSC-05 L-03 AF-06 CIAE-00 EB-07

INR-07 LAB-04 NSAE-00 SIL-01 DODE-00 PA-01 PRS-01

SP-02 SSO-00 INRE-00 NSCE-00 USIE-00 /088 W

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FM AMEMBASSY LISBON

TO SECSTATE WASHDC IMMEDIATE 5910

INFO USDOC WASHDC

AMEMBASSY OSLO

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E.O. 11652: N/A

TAGS: BGEN, EINV, PO

SUBJ: TIMEX SITUATION

REF LISBON 0581

1. AMBASSADOR DISCUSSED SITUATION WITH TIMEX MANAGER FEBRUARY 4. TALKS CONTINUE BETWEEN FIRM AND LABOR MINISTRY BUT NO SOLUTION IN SIGHT. TIMEX POSITION REMAINS THAT SOME COMBINATION OF LAY-OFF AND SHORT WORK WEEK IS ONLY SOLUTION. MANAGER STATES THAT FIRM MAY BE WILLING TO SHUT DOWN COMPLETELY AND RISK LOSING \$30 MILLION INVESTMENT UNLESS ITS POSITION SUSTAINED. MANAGER ADMITS HE MAY BE BREAKING LAW, IF AT END OF MONTH, HE FAILS PAY FULL SALARY FOR FEBRUARY WITHOUT AGREEMENT OF WORKERS AND MINISTRY. DIVERSIFICATION POSSIBILITIES (PRODUCTION OF FUSES), LOANS FROM PORTUGUESE BANKING SYSTEM, AND INCREASED EXPORTS ALL CONSIDERED BY GOP AND TIMEX.

2. TIMEX MANAGER AGAIN STATES THAT FIRM IS MAJORITY OWNED BY NORWEGIAN CITIZENS WHO MAKE FINAL DECISION AND KEEP CLOSE TABS

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ON DAY-TO-DAY OPERATIONS.

3. AMBASSADOR NOTED THAT TIMEX IS LOCALLY BELIEVED TO BE US-OWNED STRESSED SENSITIVITY OF TIMEX DISPUTE IN CURRENT POLITICAL CONTEXT AND POSSIBILITIES FOR EXPLOITATION BY LEFTIST ANTI-GOP ELEMENTS. ALSO NOTED POSSIBLE HARMFUL IMPLICATIONS FOR OTHER MULTINATIONALS SHOULD PROBLEM NOT BE RESOLVED. GENERAL DISCUSSION TOOK PLACE ABOUT POSSIBLE TEMPORARY SOLUTION UNTIL AFTER ELECTIONS. EMBASSY WILL DISCUSS POSSIBILITY OF BANK CREDITS WITH MIISTRY OF FINANCE. IN ADDITION, WILL DISCUSS SITUATION WITH MINISTERIES OF LABOR ANDINDUSTRY.

4. AMBASSADOR URGED TIMEX TO BE AS PATIENT AS POSSIBLE, GIVEN THE POLITICAL EXPLOSIVENESS OF THE SITUAION. LOCAL MANAGER SUGGESTED THAT MESSAGE MIGHT BE USEFULLY CONVEYED TO IMEX HEADQUARTER IN MIDDLEBURY, CONNECTICUT. REQUEST DEPARTMENT CONTACT MR. MARTIN SIEM, CHAIRMAN OF THE BOARD AND REVIEW WITH HIM DELICACY OF WHOLE RELATIONSHIP BETWEEN PRIVATE SECTOR AND GOP AND BEARING THAT CAN HAVE ON POTENTIAL FUTURE PRIVATE INVESTMET. CARLUCCI

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Message Attributes

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